

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE INVESTIGATION OF THE STATUS OF)	
MCKINNEY WATER ASSOCIATION AND)	CASE No. 91-058
MCKINNEY WATER DISTRICT)	

O R D E R

On October 9, 1984, the Commission issued an Order in Case No. 8974¹ ordering McKinney Water Association ("McKinney Association") to merge into the McKinney Water District ("McKinney District"). On August 6, 1986, the Commission issued an Order in Case No. 9633² approving the contract of Sale and Purchase of McKinney Association to McKinney District. By letter dated October 3, 1990, the Commission was advised that the merger of McKinney Association to McKinney District could not be completed until a loan is available through Farmers Home Administration ("FmHA") enabling the District to pay off the indebtedness of the association. Thereafter, the Commission initiated this investigation to determine the status of the merger.

¹ Case No. 8974, The Proposed Merger of the McKinney Water District and the McKinney Water Association, Lincoln County, Kentucky.

² Case No. 9633, The Joint Application of the McKinney Water District of Lincoln County, Kentucky, and McKinney Water Association, Inc., of Lincoln County, Kentucky, for Approval of a "Contract of Sale and Purchase" Providing for the Purchase by Said District of the Waterworks System of Said Association, Subject to Certain Existing Encumbrances Against Said System.

On October 7, 1992, the District filed an application for a Certificate of Public Convenience and Necessity to construct, finance and increase rates pursuant to KRS 278.023.³ As part of its application McKinney District has acquired a \$306,800 loan from FmHA to pay off the notes of McKinney Association and purchase assets as ordered by the Commission. After this step is completed, the merger will be essentially complete.

After consideration of the matter of record and being otherwise sufficiently advised, the Commission finds that the \$306,800 loan from FmHA to pay off the notes of McKinney Association is acknowledged as the final resolution of the merger and sale of McKinney Association to McKinney District. The Commission further finds that a copy of all closing documents shall be filed by McKinney District within 10 days of the closing on the contract of sale and purchase previously executed by the parties.

IT IS THEREFORE ORDERED that:

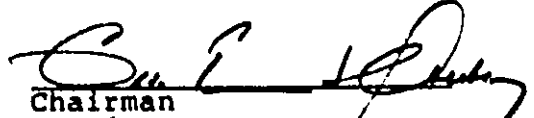
1. McKinney District shall file copies of all closing documents with this Commission within 10 days of the actual closing.

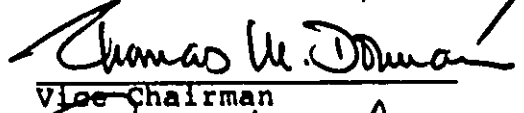
2. This proceeding shall be closed without further Order of the Commission after receipt of the documents referenced in ordering paragraph one.

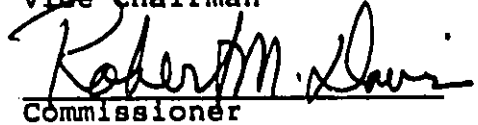
³ Case No. 92-430, The Application of McKinney Water District of Lincoln and Casey Counties, Kentucky, for a Certificate of Public Convenience and Necessity, to Construct, Finance and Increase Rates Pursuant to the Provisions of KRS 278.023.

Done at Frankfort, Kentucky, this 6th day of November, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice-Chairman


Commissioner

ATTEST:


Executive Director